

Social Aspects of  
Farmers' Co-operative  
Marketing

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Benson Y. Landis

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SOCIAL ASPECTS  
*of*  
FARMERS' CO-OPERATIVE  
MARKETING

*By* ✓  
BENSON Y. LANDIS



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## CONTENTS

	PAGE
<b>FOREWORD . . . . .</b>	<b>v</b>
<b>CHAPTER</b>	
I. THE DEVELOPMENT OF CO-OPERATIVE MARKETING IN THE UNITED STATES . . . . .	1
II. "BUSINESS-ONLY" CO-OPERATIVES . . . . .	9
III. SOCIAL AND EDUCATIONAL ACTIVITIES OF LOCAL AS- SOCIATIONS . . . . .	13
IV. SOCIAL SIGNIFICANCE OF METHODS OF CENTRALIZATION	25
V. SOCIAL SIGNIFICANCE OF CO-OPERATIVE MARKETING CONTRACTS . . . . .	32
VI. SOCIAL AND EDUCATIONAL WORK OF REGIONAL ASSOCIA- TIONS . . . . .	37
VII. RELATIONS OF SOCIAL, EDUCATIONAL, AND RELIGIOUS ORGANIZATIONS TO CO-OPERATIVES . . . . .	43
VIII. CONCLUSIONS . . . . .	48
<b>APPENDIX: STUDIES OF THE SOCIAL ASPECTS OF EUROPEAN AGRICULTURAL CO-OPERATIVES</b>	
The Gill Report of 1912 . . . . .	53
Polish Social and Economic Co-operatives . . . . .	55
"Non-Trade" Activities of the Russian Organizations . . . . .	56
Building "Dual-Purpose" Co-operatives on Education in Fin- land . . . . .	57
The Irish Movement . . . . .	59
Indirect Social Effects of Co-operatives in Denmark . . . . .	60



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## FOREWORD

Farmers' marketing associations are the most spectacular co-operative enterprises in the United States. During the past five or six years many large and powerful organizations have been formed in all parts of the country. About one-seventh of the farmers of the nation have joined organizations of one type alone.

Some rural leaders tell of great social development made possible because of successful co-operative marketing in certain sections, and predict that the development of social, educational, and religious organizations will be considerably facilitated if co-operative marketing can be successfully carried on throughout the country.

Others are eager to have more definite information about the interests and objectives of the co-operative organizations and their leaders and to get specific instances of social results of co-operative marketing. They are asking, for instance: Is there co-operation between these marketing agencies and the social, educational, and religious organizations? Are these organized farmers spending funds for social development? Do the organizations in the United States have social objectives similar to those of some European co-operatives?

It has been apparent that, in certain instances, the social and religious values of co-operation are very great, and this study has therefore been made in order to give information on the non-commercial policies and activities of the main types of co-operative marketing associations. Specifically, the purpose is to discuss: (1) evidences, if they exist, of social (non-commercial) effects or contributions for which typical farmers' co-operative marketing associations are responsible; (2) what factors and conditions in typical farmers' co-operative marketing organizations or in local communities hinder or prevent such social results; (3) the relations between social, educational, and religious organizations and these co-operative economic organizations among farmers.

The terms "social effects," "social contributions," or "social activities" as used in this study refer to non-commercial activities such as recreation, public-health work, social meetings, except that in some investigations described in chapters iii and v they also include education in co-operative principles and methods.

The study was carried on by the Rural Committee of the Department of Research and Education, consisting of Edmund de S. Brunner, chairman; Benson Y. Landis, secretary; Edwin L. Earp; Arthur E. Holt; E. C. Lindeman; H. N. Morse; Newell L. Sims; Paul L. Vogt. The secretary has had responsibility for gathering and interpreting data and writing the manuscript. Valuable assistance was given by the other members of the Committee by planning the general scope of study, criticizing schedules and questionnaires, and suggesting changes in the manuscript.

Special attention is called to the summaries of studies of the social aspects of agricultural co-operatives in Europe, which appear in the Appendix.

Acknowledgments are hereby made to Professor Ivan Wright, of the University of Illinois, and Professor W. L. Bailey, of Northwestern University, for assistance in making intensive studies of local co-operatives and their relations with their communities, and to large numbers of managers of co-operatives for data about their associations; and to Professor Dwight L. Sanderson, of the New York College of Agriculture, for criticisms on the manuscript.

A final statement should be made that the members of the Committee responsible for this study believe that farmers must set up co-operative economic processes, especially co-operative marketing, if they are to secure justice and escape exploitation in the distribution of their products; they have endeavored to make as impartial as possible a study of the questions selected for investigation; they feel, however, that this investigation has been largely of a preliminary nature, and that its chief contribution is to arouse discussion and to stimulate further and more intensive investigation.

## CHAPTER I

### THE DEVELOPMENT OF CO-OPERATIVE MARKETING IN THE UNITED STATES

The farmers' venture into commerce by means of co-operative marketing associations may be understood as one phase of the "agricultural revolution" which has brought about marked advance in methods of production and increasing use of machinery, significant changes in standards of living, population changes which have shaken rural community life in most parts of the country, the establishment of rural-credit agencies by the federal government, etc. Co-operative marketing, however, is one of the most significant of the movements which make up the "agricultural revolution." The fundamental changes in the distribution system brought about by the co-operative associations have been vividly summarized by Clarence Poe, editor of the *Progressive Farmer*, as follows:

Under the present (marketing) system, we

- (1) ignorantly,
- (2) individually,
- (3) helplessly,
- (4) dump farm products
- (5) in small quantities
- (6) without proper grading,
- (7) without scientific finance,
- (8) selling through untrained producers.

Under co-operative marketing, we

- (1) intelligently,
- (2) collectively,
- (3) powerfully,
- (4) merchandise farm products
- (5) in large quantities
- (6) with proper grading,
- (7) with modern systematic financing,
- (8) selling through the most expert selling agencies.<sup>1</sup>

<sup>1</sup> *Progressive Farmer*, June 7, 1924.

The following statement, which appeared in large city dailies, is illuminating evidence of the significance of the movement we are considering:

LOUISVILLE, Ky., Jan. 18, 1924.—The largest single sale of leaf tobacco on record has just been announced by the Burley Tobacco Growers' Cooperative Association, which sold to Liggett & Myers Tobacco Company sixty million pounds of Burley Leaf.

The one hundred thousand tobacco-farmer members of this Association, instead of selling their own ungraded products in small quantities, could sit in their homes and read in the press of the sale of an enormous quantity of their products by their own marketing agency. Two presidents of the United States have indorsed farmers' co-operative marketing. Hundreds of millions of dollars have been loaned by the national government to large farmers' co-operative organizations through the War Finance Corporation and the Federal Intermediate Credit banks. The movement has been indorsed by conservative bankers and business men such as Otto H. Kahn, Bernard M. Baruch, Eugene Meyer, Benjamin F. Yoakum. The county agricultural agents of the United States Department of Agriculture have assisted in the formation of numerous associations. All of these things are new in American experience.

These co-operative marketing associations are a widespread protest against the existing system of distributing farm products. The farmers of the country protest against the "spread" between the wholesale prices of farm products and those paid by the consumer. They protest that the privately owned marketing agencies—middlemen, they call them—receive too much for their services and proportionately too much profit. Individual marketing has failed the farmer. It has not placed the producer who sells in a place of opportunity equal to that of the man who buys. Therefore, of necessity, farmers are eagerly banding themselves into marketing associations which promise them some protection, better rewards, and more efficient distribution.

Co-operative marketing rarely means direct marketing. It means the setting up of a marketing agency or "middleman" controlled by farmers to perform the services rendered

by a "middleman" who works for his own reward or a privately owned organization. It is a form of organization enabling farmers to purchase the services of marketers.

There have been three main types of organizations for co-operative selling of farm products in the United States. First, we had an extensive development of local associations. Organization began between 1880 and 1890 and continues to the present. The Division of Agricultural Co-operation of the United States Department of Agriculture has record in 1924 of about ten thousand local buying and selling farmers' business organizations. About one thousand of these do buying only. Of the remaining nine thousand a small proportion are farmers' business organizations on the ordinary corporation plan. These local co-operative associations have an average of about forty to fifty members. Second, federations of local associations for business efficiency have been formed in many sections of the country. The first of these was the California Fruit Growers' Exchange organized in 1895. There are today about twenty-five such federations, serving probably sixteen to eighteen hundred local associations. Third, there has been a spectacular movement for the organization of state-wide or regional marketing associations, embracing farmers in a large area. The first of these was started among the raisin-growers of California in 1912. There are today probably about eighty or ninety such associations with a total membership of nine hundred thousand to one million.<sup>1</sup> These types of organizations are discussed in chapter iv, and they are considered separately throughout this study.

The advantages and limitations of co-operatives as distributing agencies for their members are becoming more and more apparent. Among the positive advantages of a well-organized co-operative as a distributing agent are, according to Professor Theodore Macklin, of Wisconsin, the following:

Cooperation gives cooperating farmers the net profits of marketing; reduces the cost of marketing so far as this may be done; im-

<sup>1</sup> Most of the figures in this section on the extent of co-operation are estimates by the author based on data of the Division of Agricultural Co-operation or made after conference with officers of the Division.

proves old and creates new marketing services for its members; readjusts standards of production; gives farmers confidence in the marketing system because they own it and control its policies; develops leadership; has taught cooperators the commercial point of view.<sup>1</sup>

Professor Macklin comes to these conclusions after intensive study of co-operative marketing in all parts of the United States and other countries.

He points out, however, that the "net profit of marketing is the least important reason for cooperating. It amounts in the cheese business, one of the best available examples, to one cent for each dollar's worth of cheese sold." He also states that reduction of the cost of marketing is much more important, and that

cooperative cheese marketing has already reduced marketing costs by four cents on each dollar's worth of cheese sold. This suggests that the lowering of market costs through cooperation is four times as important as trying to get middleman's net profit. . . . Cooperatively companies have not obtained this benefit quickly. It has been slow work.

Co-operative management, in itself, is probably no more efficient than private management—that is, the advantages of co-operation are numerous compared to wasteful individual marketing, but a well-managed co-operative probably cannot become more efficient than a well-managed private enterprise. In fact, there are evidences that the difficulties of co-operative management are very numerous, due to less centralization of authority and the necessity of satisfying a large number of individuals. Co-operative associations are also limited by peculiar conditions surrounding the sale of certain products. In the case of wheat, for instance, it is doubtful if a large co-operative marketing agency could bring more than the most meager benefits, in view of our large exportable surplus and the influences of world-demand upon prices. In this connection it is worth noting that Professor John D. Black, of the Department of Economics at the University of Minnesota, says that co-operative marketing has been only "one

<sup>1</sup> *Indiana Farmer's Guide*, April 26, 1924.

of the most important *secondary* factors in improving the farmers' incomes"<sup>1</sup> in his state. (Italics ours.)

This leads us to observe that the conspicuous financial successes of co-operatives have been confined to (1) those which have had a large proportion of their crop under control, and (2) those which had under contract a large proportion of a specialty for which consumption in domestic markets could be increased by advertising and an application of high-pressure merchandising borrowed from so-called big business. The success of some of the newly organized tobacco-growers' associations is said by competent students to be partly due to the fact that they have control of a large proportion of the crop and can "dominate the market" or exercise some arbitrary price control. The conspicuous California co-operatives—made up of the growers of citrus fruit, raisins, prunes, and apricots—all have had control of large proportions of the annual supply of their products, and have been fortunate in that the prosperity of the country's cities, their own excellent advertising, and the education of the public to the advantages of eating more fruit by many agencies have all contributed to their success. It may be further noted that:

1. These conditions have not as yet been duplicated in handling wheat, eggs, live stock, butter, cheese, potatoes, and other products.

2. The co-operatives having the most successful financial histories have not been able to guard against overproduction or to introduce any effective guidance of production. A co-operative that has been financially a great success may stimulate overproduction. The prune- and the apricot- and the raisin-growers of California, who have had "successful" experiences in a rising market, are today suffering from over-production.

3. Both federations of local associations and regional associations may become monopolistic, but the regional associations seem more often to have tended in this direction. The regional association usually makes provision in contracts that the organization will not be formed until a certain propor-

<sup>1</sup> From a letter to the author, December 13, 1923.

tion of the crop of the state or region or the branch of farming affected is definitely pledged and under control. Federations do not seem to have controlled the supply of their product as rigidly.

4. This means that some leaders of agricultural co-operatives have introduced a new element not contemplated by those who laid down the theory of historic co-operative economic enterprise. The three fundamentals which have commonly constituted the economic basis of co-operative organization are summarized by Dr. E. G. Nourse, of the Institute of Economics, as follows:

1. Increased efficiency or reduced cost of service.
2. Popular distribution of savings or profits.
3. Democratic control.<sup>1</sup>

Certain leaders of agricultural co-operatives have thus introduced the element of control over a large proportion of the supply of the product, and consequently have given their organizations considerable bargaining power or arbitrary price control.

There are marked differences between farmers' marketing co-operatives and the consumers' co-operatives in the United States. Consumers' co-operation in this country largely urban. The consumers' co-operative movement consists of stores, bakeries, restaurants, laundries, housing associations, banks, etc. These societies are sometimes federated, but there is no parallel in the consumers' movement to the regional type of organization.

In general, consumers' co-operation has been marked by uniformity of methods. These methods are summarized as follows by Dr. J. P. Warbasse, president of the Co-operative League of the United States of America:

1. Each member shall have one vote and no more.
2. Capital invested in the society, if it receives interest, shall receive not more than a fixed percentage which shall be not more than the minimum prevalent rate.
3. If a surplus-saving [“profit”] accrues, by virtue of the difference between the net cost and the net selling price of commodities and service, after meeting expenses, paying interest [wages to cap-

<sup>1</sup> *American Economic Review*, December, 1922.

ital] and setting aside reserve and other funds, the net surplus-saving shall be used for the good of the members, for beneficent social purposes, or shall be returned to the patrons as savings-returns ["dividends"] in proportion to their patronage.<sup>1</sup>

The summary made by the author of this bulletin in *Pacemakers in Farmers' Cooperation* states the situation among farmers' organizations:

In view of the varieties of agricultural organizations in the United States, it is rather hard to describe briefly what a farmers' cooperative association is. Types of organizations have been determined by outside organizers, by local preference or by existing laws. Sometimes associations have been hurriedly formed and methods later changed. Probably the popular conception today is that the one-man, one-vote rule and the return of "savings" or "surplus" by the amount of patronage rather than by the amount of stock held makes a concern cooperative. It seems that at least half of the farmers' grain associations and the big majority of the creameries, the cheese factories, the truck and fruit exchanges, the livestock shipping associations, the dairymen's leagues, the cotton and tobacco associations, and those organizations started by the Farmers' Union, the American Society of Equity, the Farm Bureau and the Grange, may well be classed among the more cooperative groups. It would in some cases be very difficult to draw the line between the more and the less cooperative associations.<sup>2</sup>

Dr. E. G. Nourse sums up the distinction between agricultural and historic consumers' co-operation as follows:

Agricultural cooperators in the United States have made no attempt to introduce any distinctively new principle of industrial guidance such as is proposed in the elaborate scheme of consumer cooperation. But it is proposed to put the members of the agricultural industry in an economic position compatible with the demands of modern economic life, both as to productive efficiency and as to distributive justice.<sup>3</sup>

There are, on the whole, no co-operative relations between farmers' marketing and city-consumer co-operative organizations. The leaders of farmers' co-operatives have only in exceptional cases taken steps to establish harmonious relations

<sup>1</sup> J. P. Warbasse, *Cooperative Democracy*. New York: Macmillan Co., 1923.

<sup>2</sup> Benson Y. Landis, *Pacemakers in Farmers' Cooperation*. New York: Home Lands, 1922. (Out of print.)

<sup>3</sup> *The American Economic Review*, December, 1922.

with consumers or organized labor, and have had their most frequent contacts with urban industrial and financial leaders. The loans to large farmers' co-operatives have usually come from the large banks and the federal government's credit agencies.

The development of co-operative marketing has been marked by some severe conflict between the farmers' organizations and organized private enterprise. The following statement from the United States Department of Agriculture gives some information about a typical situation:

The Federal Trade Commission, under date of December 28, 1923, issued an order directing the Chamber of Commerce of Minneapolis, its officers, board of directors and members, and the Manager Publishing Company, its officers, agents, and employes, to cease and desist from combining and conspiring among themselves and with others, directly or indirectly, to interfere with, or injure, or destroy the business or the reputation of the St. Paul Grain Exchange [a farmers' co-operative organization] or its officers and members, or the Equity Cooperative Exchange, or its officers and stockholders, by publishing or circulating any false or misleading statements concerning the financial standing or business methods of either of the exchanges.<sup>1</sup>

<sup>1</sup> *Agricultural Cooperation*, January 14, 1924.

## CHAPTER II

### “BUSINESS-ONLY” CO-OPERATIVES

A study of the attitudes of the managers of co-operative marketing associations toward the social welfare and social organizations and of the actual social activities of these economic organizations reveals unmistakably that the co-operators are divided into two sharply defined groups. The first and by far the larger group takes the position that a co-operative marketing association is a purely business organization. The association has no responsibilities except to sell products for the highest price obtainable, and to return to the individuals the largest possible amount of money. Social results will come through making larger sums of money available for the family's consumption. The relations between economic and social organizations should be decidedly of an indirect sort. The second group, much in the minority, holds that a co-operative has social as well as economic objectives; or that a co-operative may conduct certain social activities for members; or that a co-operative has responsibilities to co-operate with social organizations to promote the social welfare. This statement is based upon the following investigations:

1. Data received from the managers of 1,052 grain, live-stock, truck, fruit, dairy, and other *local* associations in all states of the country reveal that 617 or 58.6 per cent profess to carry on no social or educational activities of any kind or to make any contributions in money to non-commercial organizations in their communities or neighborhoods.<sup>1</sup> The managers of 355 out of this group of 617 associations give reasons for their inactivity in the social fields as follows:

Thirty-nine per cent of these managers say, in substance: “This is a business-only organization.” Typical comments are:

<sup>1</sup> A questionnaire was sent to five thousand. The details of this investigation are given in chap. iii.

We are a corporation doing business in the same way as any private concern. We have built up our business by selling quality products and giving a square deal; we hardly ever have to appeal for anyone's trade because we are a co-operative concern. . . . We run an elevator, not a social club. . . . We are not running an educational establishment. . . . Human nature is too selfish even to talk about co-operation. . . . There is no such animal known. . . . We do not need to conduct social activities; we get business without them. . . . We have never thought about social affairs. . . . Social activities are not practical. . . . We do not mix our business with our pleasures. . . . The social activities have very little to do with the successful operation of an association. . . . It has been the opinion of the directors that people should see the advantages of the organization as a business. . . . Nothing counts but the almighty dollar. . . . As a general rule, business does not mix with anything else, especially social activities. Once in a while a successful educational and recreational meeting might well be held by such an institution but the interest lags if followed up regularly. This is my conclusion after eleven years of work for four different farmers' co-operative organizations. . . . This is a creamery, not a church. . . . There is no interest in co-operation; price is the controlling feature of success, as evidenced by fourteen years of experience. . . . The size of the check is what counts most and we work hard for that. . . . Social activities would mean an expense with no apparent immediate profit. . . . The farmers are too busy trying to make a living. . . . We are doing well enough in a business way. . . . The writer desires to say that there is very little difference between an ordinary corporation and a so-called co-operative company. The reason for this is because the success of any institution depends so much upon the management. Our experience is that the co-operative part of the plan means nothing. The one-vote plan is only a discouragement to keep out the man with money to invest, hence the co-operative usually suffers from lack of sufficient financial support. As far as social activities are concerned, these matters are taken care of by the churches and other organizations planned for that purpose.

Twenty-four per cent of these 355 managers giving reasons for their purely economic activities and objectives state, in substance, that social activities are taken care of by other organizations. This is an important consideration, and is one of the chief reasons given by those within and without the co-operative movement for advocating a very limited and economic field for the co-operative association in the local community. It is perhaps significant, however, that this rea-

son is cited by only one-fourth of the managers who answered this question.

Fifteen per cent of the managers state, in substance, that social activities are not desired by the membership or that it would be impossible to promote them. Typical comments by this group include:

They leave everything to the manager. . . . Farmers are too busy. . . . It is hard to get our members to the annual business meeting. . . . Social activities were tried and did not work. . . . Our members do not have enough co-operative spirit. . . . We voted to discontinue even the annual picnic because few were interested. . . . Our members lack interest in the association. . . . Farmers don't stick to their own organization.

Seven per cent of the managers state there are no funds for any local social or educational activities. One manager remarks: "Our members want all the money individually and don't want to spend any collectively." Another says: "We spend our time trying to make ends meet."

Two per cent state that there is "no leadership," and two per cent that there is "no time." Some in the latter group state that "the manager has no time."

The remaining 11 per cent of the managers reporting give a variety of other reasons. Included in this group are a small number who evidently would like to carry on social activities or who believe them worth while. Comments of managers are: "This association needs a good rousing up and social affairs might do it. . . . We have no knowledge as to how to go about it." Scattered membership is given as a reason in a few western sections.

It may be of some significance that the business-only reason is given by the managers of one-third the fruit associations (including a good representation from California), by one-fourth of both the truck and dairy group, by only one-sixth of the live-stock group, and by only one-ninth of the grain associations. The last two are chiefly found in Central and Northwest United States where the local co-operative seems more frequently to take an active part in community life. The fact that the live-stock shipping associations are frequently, com-

paratively speaking, loosely organized, without capital stock, by a group of neighbors meeting on various occasions, probably is also a factor in giving them a different attitude. These variations of organizations by types of commodity cannot be adequately explained by the data gathered in this study, and further investigation is needed.

Results of those associations which do carry on some social and educational activities are discussed in chapter iii.

2. A study of thirty-three typical local associations in the Middle West on an intensive basis by the author and by students in rural sociology and economics under the supervision of their professors reveals that fourteen of these have conducted some social or educational activities; that six are in communities which have farm bureaus or farmers' clubs, to which many members of the co-operatives belong, and therefore the co-operative carries on no special activities; that thirteen have conducted no social activities though there is no farm bureau, grange, or farmers' club. These data are presented in chapter iii.

3. A study by correspondence of fifteen (out of a total of about twenty-five) federations of local associations reveals that only one of these has conducted social activities among local associations or their members. The manager of one federation states: "We tried democracy and brotherhood twenty-five years ago and they didn't work. Co-operatives have got to stick to business." These activities are described in chapter iii.

4. A study by correspondence of the social activities of fifty regional associations (out of a total of about eighty in the country) reveals that twenty-three have no local groups functioning and conduct no social activities; fourteen have local groups functioning for business purposes only; ten have local groups which carry on social as well as business activities; three have very close affiliations with state farm bureaus which carry on a social and educational program. Social activities are described in chapter vi.

We shall now consider in detail the social activities and results of various co-operative associations.

## CHAPTER III

### SOCIAL AND EDUCATIONAL ACTIVITIES OF LOCAL ASSOCIATIONS

Five questions in regard to social and educational activities were asked of the managers of a list of approximately 5,000 local farmers' business organizations secured from the Department of Agriculture.<sup>1</sup> Replies were received from 1,052 managers.

The first question was: What social or recreational activities did your association carry on for members or for the community during 1923? Approximately 1 association out of 10 reporting (11.41 per cent) conducted at least one recreational

<sup>1</sup> This list of names was recently gathered by the Division of Agricultural Cooperation of the Department. It comprised the names of the first 5,000 out of 10,000 associations, of which the Department now has record. These names were gathered uniformly from all sections of the country, though the names from the Middle West and Northwest predominate because these sections have most of the local associations. It is certain, however, that large groups of the predominant types of these associations were reached by this method.

The questionnaire revealed that 8 per cent of the organizations replying were not co-operative, i.e., did not return surplus to members by the amount of business done and did not have the "one-man, one-vote rule." These are not included in this study. It was also found that a much higher proportion of returned questionnaires came from the creameries and cheese factories than from the other groups and that the return from the grain associations was somewhat lower than average. The total returns from the co-operative associations included in this study were as follows:

Creameries and cheese factories.....	353
Truck associations.....	73
Fruit associations.....	111
Live-stock shipping associations.....	221
Grain associations.....	233
All other associations.....	61
Total.....	1,052

In considering the results of a questionnaire of this kind, it is important to note that the proportion having the activities under inquiry is probably lower among those which did not supply information.

event.<sup>1</sup> Out of the 120 associations putting on recreational affairs, 74, or 61.7 per cent, conducted only one, and 10, or 6.3 per cent, conducted twelve or more. These 120 associations held a total of 364 such meetings during 1923, or an average of three.<sup>2</sup> In a majority of cases, this event was either the annual picnic of the association or was held in connection with the annual business meeting. There was only about one meeting per year for approximately every three associations studied.

The second question to some extent duplicated the first, but was designed to find out how frequently women particularly and the entire families of the members were brought into contact with the co-operatives: How frequently did your association hold gatherings or events for the entire families of the members during 1923? The returns show that 114, or 10.8 per cent, of the associations held such gatherings.<sup>3</sup> The total number of meetings was 535, or an average of 4.7 per cent for those holding them. Fifty of these 114 associations, or 43.8 per cent, held only one gathering during the year. Twenty-three, or 20.2 per cent, each held twelve or more such meetings. There is one gathering yearly for about every two associations.<sup>4</sup>

The third question was: What contributions in money were made by the co-operative to non-commercial organizations or causes in the community during 1923? Here we find the most frequent social contribution of the co-operatives. Two hundred and ten associations, or one-fifth of the total,

<sup>1</sup> The proportions range as follows: 4.5 per cent of the fruit associations; 6.9 per cent of the truck associations; 10.8 per cent of the grain; 12.2 per cent of the dairy; 14 per cent of the live stock; 18 per cent of all others.

<sup>2</sup> This average ranges as follows: 1.6 for the fruit associations holding meetings; 2.2 for the grain; 2.3 for the dairy; 3.1 for the miscellaneous group; 4.4 for the truck; 4.8 for the live stock.

<sup>3</sup> Considering the groups by the main commodity handled, the proportions range as follows: truck associations, 4.1 per cent; live stock, 9.5 per cent; dairy, 11 per cent; grain, 11.6 per cent; fruit, 11.7 per cent; all others, 18 per cent.

<sup>4</sup> The averages for the different associations range as follows: fruit, 2 per year for those reporting meetings; dairy, 2.8 per year; grain, 4.3 per year; all others, 5.6 per year; live stock, 8.6 per year; truck, 12 per year (with only a small number of the last group reporting).

reported making such contributions in money to non-commercial organizations. One hundred and forty-three of these 210 mentioned definite amounts and the name of the organization assisted. These 143 associations contributed a total of \$7,780.50 during 1923, an average of \$55.46 per association. They contributed to an average of three different community organizations. Organizations mentioned include: schools (e.g., furnishing food for hot lunches), band, a university endowment fund, community halls and houses, Red Cross, health associations, church buildings and causes. An examination of these amounts contributed, however, discloses that probably the majority must be termed nominal or that they are made in answer to a specific appeal of a community organization. The number of associations which deliberately plan these expenditures of money for the social welfare is very small. The average yearly contribution is lowest for the live-stock shipping associations reporting (because of the way they are organized, with a manager paid by commissions on shipments and with small amounts of money in the treasury); that of the dairy, grain, and miscellaneous group is close to the average; while that of the fruit associations is high, but only a few of these associations report contributions and list the amounts. The probability is, of course, that those associations which state that they make contributions but do not list the amounts spend smaller amounts than those reporting definite sums. Therefore, it must be concluded that though money is the most frequent social contribution, it cannot be said to be of such significance in at least half of the communities in which the co-operatives spend money in this fashion.<sup>1</sup>

<sup>1</sup> The data on contributions in money from the non-co-operative farmer business organizations were as follows: 89 replies were received from associations of this type. Of these, 31, or about one-third, state that they contribute money to non-commercial organizations and causes, but only 13 give the amounts. These claimed to contribute a total of \$1,151, or an average of \$88.54 yearly. Though this amount is higher than that of the co-operatives reporting, the data are probably from too small a number of associations to make it comparable with that on the co-operatives. In this connection an opinion is worth noting. Professor John D. Black, chief of the Division of Agricultural Economics of the University of Minnesota, writes: "As to improving standards of living, the effect [of co-operatives] has been no different than the effect of any other improvement in farm incomes. . . . Co-operation has been one

In regard to the educational work of the co-operatives under consideration, the questions were:

a) What has your association done to educate its members in co-operative principles and methods during 1923? Two hundred and fifteen associations, or over a fifth of the total, describe some specific piece of educational work.<sup>1</sup> The most frequent method is that of having speakers and lecturers (in many cases at the annual meeting). The sending of a co-operative journal to all members with the funds of the association comes next in importance. Then follow, in the order in which they are most frequently mentioned, the mailing of pamphlets and other literature, special local educational meetings to discuss problems, news articles in local papers, paid advertisements in the local papers, mailing multigraphed letters, personal canvasses of the membership, the use of field men full or part time (by a few local associations who are members of federations). Three-fourths of the associations reporting educational work use only one of the foregoing methods; the remaining fourth use two or more. Some managers say that educational work has been neglected. Among those not reporting educational work—and to a less extent among those reporting some—frequent remarks are: "Fair dealing is the best education"; "Fair dealing and good prices are the best education." One says: "We are not educating people"; another: "We do not feel justified in spending money for education." A small minority would probably agree with the man who states that "the co-operative movement is gaining strength but is a process of education and it takes time to accomplish results."

b) What has your association done to educate those who were not members in co-operative principles and methods during 1923? Only fifty-six, or 5.3 per cent, profess to have

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of the most important of the secondary factors in improving the farmers' incomes, and a very appreciable part of the increase in the last twenty years has been used to improve the standard of living in Minnesota, as in other similar states."

<sup>1</sup> The proportions of associations conducting some form of educational work range as follows: For truck associations 13.7 per cent; live-stock shipping associations 15.4 per cent; fruit 18 per cent; dairy 20.7 per cent; grain 25.3 per cent; all others 31.1 per cent.

done educational work of this kind. The methods used are the same as those given under the first question in regard to the education of members. The replies indicate, however, that a great deal of personal solicitation of new members is constantly going on. Much of this is educational, depending, of course, upon the information of the solicitor. A small proportion of the associations studied are also in communities in which the great majority of the farmers are members of the co-operative. In one conspicuous instance, the officers and members of a creamery succeeded in organizing the shippers of live stock and the growers of tobacco into separate associations. In another instance, one man with a private income has given most of his time for a period of five years to educational work for the co-operative in his community.

It will be seen that some co-operative associations have brought about conspicuous changes in their communities. Ten thousand dollars for beauty was included in the building program of the Lakeland Citrus Growers' Association of Lakeland, Florida. The wooden packing-house built when the Association was organized in 1909 had been outgrown. A site overlooking Lake Mirror was purchased and plans were accepted for a beautiful tile building in the Spanish type of architecture with towers and large, arched windows. The building is buff with white trimmings and the grounds are set with palms and other trees. It was estimated that the various artistic features increased the cost by \$10,000. The total cost of the plant and the site was \$50,000. In Hudson, Iowa, the co-operative creamery spent \$400 during 1923 to improve sanitation on farms and the quality of the product. In Aiken County, Georgia, both white and colored farmers sell their produce and buy supplies through the Farmers' Exchange. The white and colored farmers are allied in an economic movement for the "mutual protection of all the farmers of the county," and this may prove to be helpful in building inter-racial good will. The Nashville, Michigan, co-operative creamery "demands sanitation of its patrons," and within the past few years has rendered the people of this town an unusual service. The town had a bad milk supply. The co-operative creamery, though not interested in the distribution of whole

milk, took over the distribution of the town's milk, put it on an efficient and sanitary basis, and then turned it over to a distributor who could render competent service. The co-operative creamery association of a Tennessee county contributes \$120 yearly for five years to a unique endowment plan of a university located in the county. In a frank description of the practices of this co-operative the manager writes:

We do it to help the school. . . . The board and management of the creamery are very much in favor of the school . . . but while it is helpful the motive may be said to be selfish and we call the expenditure advertising. The students will help our trade.

A better idea of the social implications of some of these local associations is secured by intensive case studies. Data were secured by the author and by students of several universities under the supervision of their professors of economics or sociology on thirty-three associations which are representative of various types of organizations and communities. Seven are creameries, fifteen are grain associations, eleven are livestock shipping associations. Fourteen of these thirty-three were formed partly or altogether by outside agencies, eight by state or county farm bureaus, four by managers of neighboring co-operatives, and two by extension workers of the college of agriculture and the United States Department of Agriculture.

In seven cases there was apparently a favorable attitude on the part of town or village business men toward the organization of the co-operative; in one conspicuous community among these the business men and farmers jointly paid the organizer who was brought in to form the co-operative creamery; in other cases the business men are described as having been "friendly" or "favorable."

In six cases, the business men were divided. In one community among these the creamery company which opposed the farmers' creamery soon had to close, but the bank was liberal and friendly to the co-operative: in this community, the farmers and business men had worked together on road-building campaigns. In another section, the Chamber of Commerce indorsed the co-operative but the fertilizer company fought its organization. In another case, the organiza-

tion was sponsored by business men and farmers, and the only opposition came from the competing elevator. In another, the business men were "mostly neutral," though the private grain company opposed the co-operative.

In thirteen cases, the business men are described as having been "timid in indorsement" and "little interested."

In seven instances, they were unitedly hostile; one group expressed their fear that the use of co-operative methods would extend beyond selling grain to buying; another group encouraged the buyers who attempted to wreck the co-operative by offering the members especially high prices.

Only five of these thirty-three associations have membership contracts with their members, requiring the delivery of all the products of the particular commodity that is sold. Four of these claim to have had no contract-breaking or so small an amount that no attention has been paid to it. One reports a small amount of contract-breaking, but has taken no action against violators nor has it endeavored to arouse the members on the question. Two of these five say that their efforts to maintain loyalty are altogether in working for higher prices; the others rely simply on the advantages of the ordinary business routine plus the contract to keep their members loyal. Among twenty-eight associations which have no contracts, three make special efforts to keep their members loyal; one by community meetings, one by frequent meetings of members in schoolhouses and illustrated lectures, one by frequent publicity in the local press. Two others say that "fair dealing in business" is all that is required to keep members loyal.

Considering the participation of these thirty-three organizations in the social life of the community, we find that eight have close affiliations with other farmers' social organizations, i.e., large numbers of the members of the co-operative also belong to the social and educational organization which takes care of these interests of the farmers. In seven instances, this is a farm bureau and in one a farmers' club. One of these organizations owns a large hall which is used occasionally for social purposes.

Thirteen organizations have conducted some social or edu-

cational work of their own. During 1923, one held community dances; one, educational meetings of growers; one held an annual picnic and conducted education for better sanitation; one put on a community fair and other social meetings and contributed money to social organizations; one voted as a unit on one political issue, contributed \$100 for good roads, held a picnic, and temporarily took over the town's milk supply, improved it, and put it into the hands of a competent distributor.

These studies emphasize the fact that co-operatives as organizations have numerous relationships with other organizations in the rural community; that the members of a co-operative as individuals have diverse local interests; that a certain proportion of co-operatives make recognition of and organize those diverse interests (or closely affiliated organizations do); that some are conducting social activities and education and are making significant and direct social contributions to their communities; but that others maintain a co-operative on a business-only basis.

Out of fifteen federations of locals studied by correspondence, one (the California Fruit Growers' Exchange) for a time employed a field man to conduct social work among the local associations or their communities. The work centered largely around the camps provided by the local associations for their Mexican laborers engaged in picking, grading, and packing fruit. Practically all of the work was done in co-operation with local social, educational, or health agencies. The field worker of the California Fruit Growers' Exchange acted only in an advisory or organizing capacity. At La Habra, where the work was first started and was most noticeably successful, the local co-operative marketing association provided a building for school purposes and a house for the teacher. The association, the local school authorities, and the state department of education jointly paid the teacher's salary. The teacher conducted social and recreational activities as well as the school work. This work has now been taken up by a small number of the schools in Orange County. The Union High School at Fullerton has employed several teachers to carry on this type of educational work.

Another type of work was begun at San Dimas in co-operation with the county health department. The local association furnished the building and equipment and the county paid the nurse. This type of work has also been promoted in several other localities.

The success or failure of these projects is said by the former director of the work to depend solely upon the teacher or nurse. All the social work which was organized is now in the charge of local agencies, and the California Fruit Growers' Exchange is no longer promoting it. It is being continued by these agencies in about a dozen communities.

There are obviously social contributions which some or many co-operatives make beyond those which we have tried to describe or measure here. These are still largely in the realm of the observations or opinions of co-operative organizers, sociologists, economists, educators, etc. It is possible, however, that a summary of these opinions and observations is of some significance. For example, the writer asked for a statement on social results of co-operatives from three hundred sociologists, economists, educators, and officers of co-operatives. One hundred and thirty-two replies were received from thirty states. Fifty-eight had no information at all to offer on this point. Seventy-four answered at least one question. In answer to the question as to their estimate of the proportion of co-operatives which have made noticeable social contributions, twenty-five gave no answer; eleven said they have observed no social results; twenty-seven said that "few" co-operatives may be credited with social results; five said that "considerable" have made contributions, and six that this is the case in a large proportion of cases. Those identified with co-operative organizations usually claim social results in a large proportion of cases; the others replying are much more conservative. Answering the question as to what the chief result or contribution has been, fifty-seven make replies as indicated in Table I.

There is probably real justification for a claim for many of these intangible or "hard-to-measure" results. For example, Lloyd S. Tenny, assistant chief of the Bureau of Agricultural Economics of the Department of Agriculture, writes:

I do find almost invariably that where a local co-operative marketing association has been functioning successfully for a number of years it is easier to get the community together on matters of public interest and social betterment than it is in communities where there is no co-operative endeavor.

An observer writes from the state of Washington her opinion that "the chief result of the co-operatives in our rural communities has thus far been to give the people more opportunity to get together and have more social life." Professor Ralph Felton, of Cornell University, who for years traveled

TABLE I

Promotion of thrift.....	1
Direct assistance to school and church.....	2
Indirect results only.....	3
The education of adults.....	4
A higher standard of living due to increased incomes.....	5
The spread of co-operation to other enterprises in the community.....	5
Direct assistance to community recreation.....	6
More social contacts for members.....	8
The development of teamwork, responsibility, leadership, and democracy.....	11
Extension of mutual acquaintance and breaking down social barriers.....	12
TOTAL.....	57

widely throughout the country, reported a marked difference between the attitudes of organized California farmers and those of unorganized Idaho farmers, while both were in times of depression. The California men with whom he came into contact were not complaining so much; they were informed on the national situation and on the condition of the markets for their crops; they seemed to be bearing the depression together in a sympathetic way. On the other hand, in the Idaho communities he visited there seemed to be no *esprit de corps* among farmers, and they had no information about the national agricultural situation or the state of their markets.

There is also undoubtedly justification for the contentions of Aaron Sapiro that in the California communities in which farmers have become prosperous, more money has been made available for and found its way into the development of social,

educational, and religious institutions. Of the promotion of better race relations by co-operatives, Sidney D. Frissell, of the Tri-State Tobacco Growers' Cooperative Association (operating in Virginia, North and South Carolina) writes the following:

My connection with the largest co-operative marketing association of the Southeast convinces me that it is proving one of the most effective means to friendly and helpful interracial co-operation.

I say this advisedly because this is a movement in which 95,000 white and black farmers of Virginia and the Carolinas are working together for their common advancement and welfare without the retarding effect of race-consciousness and race-rivalry.

To make this quite plain, I will state that in our files of contracts where the names of those who have pledged to market their crops for five years through this association are listed, there is absolutely no distinction between white and colored members and I could not tell you whether one was white or black, unless I happened to know him individually.

This is a movement in which every member has an equal voice, enlists for a common cause, receives exactly the same price for the same grade of product and in such a movement we find that working together for the common good makes decidedly for friendly race-relationships.

The fact is made evident by the participation of colored delegates in practically all of our county associations who report the progress of the colored locals at the monthly meetings of the hundred or more counties which are represented in this association. These men are received very cordially by the white delegates and I have never known any race-friction in this entire movement.

To sum up, I believe that when the two races are working so hard for a common good, as in this association, that race-consciousness and race-jealousies are largely forgotten and we have a much more effective interracial co-operation than one which is artificially superimposed or made the subject of much publicity.

On the other hand, Professor C. G. McBride, of the economics department of Ohio State University, calls attention to the fact that:

There is something of a negative social effect in certain instances if there develops a bitter factional fight as a result of differences of opinion among the co-operators. This is illustrated very clearly in the friction between the poolers and the non-poolers in the Dairy-men's League territory. I understand that in certain communities this feeling has become so intense that it has broken up social organizations and churches.

This condition was due to a disagreement over the methods whereby the New York Dairymen's League Cooperative Association should be reorganized. One group entered the new Association and signed membership contracts providing for compulsory "pooling" of milk. The dissenters, called "non-poolers," withdrew and formed an organization of their own.

## CHAPTER IV

### SOCIAL SIGNIFICANCE OF METHODS OF CENTRALIZATION

As stated in the first chapter, co-operative marketing in many parts of the country has often been carried on through small associations operating in one community. They may usually be called "community organizations," and are in many instances successful because they are deeply rooted in the social life of the community. They usually consist of men who know each other well. They are formed for the purpose of solving local problems—saving handling costs, eliminating buyers, local grading, etc. Frequently they handle the several products of the community. Sometimes they combine some buying with selling. The manager is usually a farmer. Their success is often due to the social and spiritual cohesion of the members.

But the business advantages of local associations in most cases have been few, due to the fact that they handle only a small volume of products and are usually unable to apply the most efficient methods of distribution. Seldom have they brought about any considerable increase in the use of their product. Their managers are usually not trained marketers. Organization has often been on a loose, insecure basis and, though there are no accurate figures, there have been frequent failures among local co-operative associations. The chief weakness of local associations, however, is that when unfederated, they constantly compete with one another, are unable to make a united impact upon the market, and consequently render only a small service to the individual members. Therefore it has become an axiom in rural economic organization that a group of individuals working only in their own community through their local association cannot greatly better their position. This is in conformity with the whole trend of rural organization which seems to be toward providing definite links between various community organizations.

and county, district, state, or national bodies. In economic organization centralization is considered especially necessary, however, for business efficiency and in order to avoid harmful competition between local groups.

Two general methods for effective centralization have been proposed. The advocates of the "federation" of local associations build slowly and from the bottom up; the advocates of the other, the "regional" method, build quickly and from the top down. Mr. O. M. Kile summarizes the steps of building a centralized organization slowly from the bottom up as follows:

The first step was to stir up interest among small groups of neighbors. From these a local organization was formed. As their business grew and similar organizations developed in nearby communities these several groups would federate into county and later into district units. Finally, after perhaps another half-dozen years, a central association would be formed uniting all district groups handling that commodity.<sup>1</sup>

A statement by Mr. G. Harold Powell, who was for ten years general manager of the California Fruit Growers' Exchange, quoted by Mr. Kile, illustrates further the view of advocates of this method:

I do not know of any short-cut ways through which you can bring about that basic internal spirit in men that makes them believe that working together is the wise way to work out their individual and mutual problems. That is a matter of growth; that is a matter of evolution; that is a matter of acquiring step by step out of abundance of experience. It cannot be done by any revival methods; it cannot be done by any short-cut methods.

In contrast to this method of federation, whose conspicuous advocate was Mr. Powell, is the "top-down" method, whose conspicuous advocate has been another Californian, Mr. Aaron Sapiro, a lawyer and the most prominent organizer of farmers' co-operatives in the United States today. Says Mr. Kile, in the article quoted above:

Sapiro plan advocates call theirs the "wholesale" method as contrasted with the older slow-growing "retail" method.

Sapiro's favorite method is to hold a big booster meeting at which his own electric personality, his fine speaking presence . . .

<sup>1</sup> *The Nation's Business* (Washington, D.C.), January, 1923, p. 34.

carry his hearers to the point of effecting an overhead organization. This organization then puts on an intensive membership campaign, and growers sign an "enforceable" contract to deliver to the association all their cotton, prunes or sweet potatoes, as the case may be, for a period of years . . . usually five or seven. The central and district organizations then get to work to handle the sale of the crop.

According to Mr. Kile, the advocates of this plan say:

We recognize the need for active local units and a well-informed membership, but we can develop those after we get the main works set up and the machinery running. And the big volume of business available from the start will enable us to operate more efficiently, return bigger benefits to our members and avoid all the years of heart-rending struggle that the smaller units have usually found it necessary to go through.

As an illustration of a federation, which is the European and the original American scheme of centralization, let us consider briefly the structure of the California Fruit Growers' Exchange, which was formed in 1895 by local associations handling citrus fruit. The individual member is linked to the local by contract, the local having in turn a contract with the district exchange, and the district with the central organization. The contract of this association happens to be for a term of years, but members are allowed any year to cancel, after giving due notice. The functions of the local association in this organization are to pick, assemble, grade, and pack fruit. The district exchange further assembles, takes title, stores and ships the products. The central exchange advertises, studies markets, sells the product as agent, and routes it properly. The product in this case remains the property of the district exchange. Both the district and central exchanges operate at their own costs. The district exchange is financed by stock purchased by the locals, the federation by stock purchased by the district exchanges.

This plan has been widely copied and applied by most of the twenty-five federations of local associations so far as possible or practicable. (Most federations do not have the district exchange.) It preserves considerable powers and autonomy for the local group. Its advocates feel that it allows for sufficient centralization and efficient grading, processing,

packing, advertising, and selling, etc., while at the same time it is built up slowly, with stable local groups as a foundation. The September, 1923, preliminary statement of the United States Department of Agriculture on *Cooperation in the United States during the Past Decade* contains a list of federations of local associations as given in Table II, with the date of organization and the number of local associations.

The regional association is a recent American adaptation designed to achieve results and to effect organization of farmers in a wide area, in a short time. As an illustration of this type, let us consider the structure of the Oklahoma Cotton Growers' Association, which was organized in 1921. In this Association, the individual signs a contract with the central organization. The terms of this contract are such that the individual's important business relations are with the central office. The contract is for a period of seven years and is non-cancellable. In this regional Association, the central office performs all the functions in the marketing process that are distributed among the local, district, and central associations in the federated type. Control of all the business operations is centralized in this office. Government of the Association is by a Board of Directors, one director being elected by the members in each "voting district." These voting districts are arranged in the region organized according to the amount of the crop produced. The local associations perform no services in the marketing process, and have no powers except to present petitions or give advice to the Board of Directors. They do, however, provide contact between directors or employed officers and the membership, build up mutual confidence, are centers for discussion and education, assist in enforcing contracts, conduct social activities, and thus make for stability of organization.

This method provides for highly centralized control of crop and credit facilities, and for efficient grading and merchandising. But the method of electing directors by large districts, which are usually determined by the tonnage produced, prevents close contact between the individual and his marketing association. It is evident that, compared with the federated type, the organization is undemocratic. Though the one-

man, one-vote co-operative rule is in effect in these associations, the members have practically only one opportunity each year to exercise it—when they elect their district director.

TABLE II

Name	Date Formed	No. Affiliated Units
California Fruit Growers' Exchange.....	1895	192
Florida Citrus Exchange.....	1909	99
California Fruit Exchange.....	1901	70
Mutual Orange Distributors.....	1906	25
California Walnut Growers' Association.....	1912	39
United Dairy Association of Washington.....	1919	6
Michigan Elevator Exchange.....	1920	93
Wenatchee District Cooperative Association.....		18
Wisconsin Cheese Producers' Federation.....	1913	160
California Almond Growers' Exchange.....	1910	22
Michigan Potato Growers' Exchange.....	1918	128
Florida East Coast Growers' Association.....	1917	8
Tillamook County Creamery Association.....	1909	25
Western New York Fruit Growers' Cooperative Packing Association.....	1920	37
Chautauqua & Erie Grape Growers' Cooperative Association.....		7
Gulf Coast Citrus Exchange.....		9
New York Canning Crops Cooperative Association, Inc.....	1920	18
Empire State Potato Growers' Cooperative Associa- tion.....	1921	25
Arkansas Sweet Potato Growers' Exchange.....	1921	38
Minnesota Cooperative Creameries Association, Inc.	1921	425
Wenatchee-Okanogan Cooperative Federation.....	1922	13
Michigan Fruit Growers, Inc.....	1923	25
Total.....		1,482

There are probably about eighty regional associations on somewhat the same plan as just described. The first was that formed by the raisin-growers in California in 1912, though they have several times reorganized. Up to 1918, regional associations existed chiefly on the Pacific Coast, but they are now established in all parts of the country, and the largest are among the following tobacco and cotton associations:

TABLE III\*

REGIONAL TOBACCO-MARKETING ASSOCIATIONS

Association	Year Formed	Members, 1923
Connecticut Valley Tobacco Association, Hartford, Conn. ....	1922	3,389
Burley Tobacco Growers' Cooperative Association, Lexington, Ky. ....	1922	85,042
Dark Tobacco Growers' Cooperative Association, Hopkinsville, Ky. ....	1922	85,042
Maryland Tobacco Growers' Association, Baltimore, Md. ....	1920	4,600
Tobacco Growers' Cooperative Association, Raleigh, N.C. ....	1922	90,226
Northern Wisconsin Cooperative Tobacco Pool, Madison, Wis. ....	1922	6,672
Total ..... .		332,971

REGIONAL COTTON-MARKETING ASSOCIATIONS

Association	Year Formed	Members, 1923
Alabama Farm Bureau Cotton Association, Montgomery, Ala. ....	1922	20,300
Arizona Pimacotton Growers, Phoenix, Ariz. ....	1921	1,283
Arkansas Cotton Growers' Cooperative Association, Little Rock, Ark. ....	1922	10,676
Georgia Cotton Growers' Cooperative Association, Atlanta, Ga. ....	1922	36,302
Louisiana Farm Bureau Cotton Growers' Cooperative Association, Shreveport, La. ....	1923	5,159
Staple Cotton Cooperative Association, Greenwood, Miss. ....	1921	2,470
Mississippi Farm Bureau Cotton Association, Jackson, Miss. ....	1923	18,040
Missouri Cotton Growers' Cooperative Association, New Madrid, Mo. ....	1923	527
North Carolina Cotton Growers' Cooperative Association, Raleigh, N.C. ....	1922	31,892
Oklahoma Cotton Growers' Association, Oklahoma City, Okla. ....	1921	50,618
South Carolina Cotton Growers' Cooperative Association, Columbia, S.C. ....	1922	13,600
Tennessee Cotton Growers' Association, Memphis, Tenn. ....	1923	6,441
Texas Farm Bureau Cotton Association, Dallas, Tex. ....	1921	30,134
Total ..... .		227,442

\* From September, 1923, Preliminary Statement on *Cooperative Marketing*, by the United States Department of Agriculture.

Both these types of centralized marketing agencies usually handle only one commodity or a related group of commodities, and both may be called "commodity" co-operative marketing associations. The term "commodity association" has been popularly but wrongly used to designate the regional type of organization. Both these plans have been developed for handling perishables and non-perishables.

Probably the most significant points in connection with methods of centralization, from the social point of view, are the following:

1. The federation is built upon established community organizations. The regional association embraces a large number of farmers in a wide area, and provision appears to be made in about half the organizations for "informal," or "organization," or "contact," or "discussion" locals, who are groups without powers in the marketing process. These "locals" do not exist in all associations, however. The federations, therefore, seem from a social point of view to be more "deeply rooted" in the communities of the area organized, but the regional associations are making significant efforts to become "deeply rooted," as will be noted in detail in chapter vi.

2. The federation may be roughly described as less centralized and democratic, and the regional association as centralized and undemocratic.

3. It is as yet too early to evaluate these types of associations in terms of business results and to say which has proved "most successful." Most regional associations have operated for only a few years.

4. The chief difficulty in applying the federation plan is its slowness. The established local group tends to resist centralization and the delegation of powers in the marketing process to a central agency. Probably three-fourths or five-sixths of the local marketing associations in the United States are as yet unfederated. The chief weaknesses in the regional plan, on the other hand, seem to be inherent in the processes of building "from the top down." (Certain of the difficulties and tendencies of regional associations are discussed in the next two chapters.)

## CHAPTER V

### SOCIAL SIGNIFICANCE OF CO-OPERATIVE MARKETING CONTRACTS

The extensive use of legal contracts between a farmer and his co-operative association is a part of the recent process of centralization of co-operative organizations. Prior to 1918, little use was made of the so-called co-operative contracts outside of the Pacific Coast states, where they were part of the requirements of both federations and regional associations. Since the war, however, the numerous regional associations which have sprung up among growers of tobacco, cotton, wheat, and other products have all made use of contracts. The promoters of these associations have used their influence to secure the enactment in thirty states of special legislation sanctioning co-operative organizations and assuring the association the power to enforce the contracts in the courts. The federations of locals which have been recently organized in various states are also built upon contracts between local and federation and between individual and local. Therefore, it may be safely stated that all of the leaders of centralized co-operatives make use of contracts binding a member to his organization.

There are certain tendencies in connection with the use of contracts which may be briefly noted here: they are of two general types: (1) an "agency" agreement between an association and its members; (2) a sale and resale agreement, whereby the individual transfers title to his products to the association. The former is used mainly by associations handling perishables, the latter by those selling non-perishables.

Regional associations have in all but a few cases had non-cancellable contracts with their members for a term of five or seven years. The practice of locals in federations has been less uniform. A study made by the writer in 1924 of the data in the United States Department of Agriculture on the contracts of locals in twenty-two federations reveals that the situ-

ation with regard to the contracts of locals and their members is as follows:

1. In fourteen federations, the term of the contract between member and local is indefinite, but may be canceled during any year, or at any time by a member who wishes to withdraw from the association.

2. In five federations, the term of the contract between member and local is for four or five years, but the member may cancel any year on giving due notice.

3. In one federation, the local associations have one-year contracts with their members.

4. In one federation, the contract between member and local is for five years, and is non-cancellable.

5. In one there is no contract between local and member.

As to the purposes of contracts, there is rather general agreement that the contract is partly to assure the officers of an association a definite supply of produce. But when dependence upon the contract to assure organization loyalty is considered, the data in the preceding paragraphs reveal that there are two points of view. Those co-operative leaders who are identified with federations use a contract as one of the last and incidental bonds between a member and his association, and rely on his personal loyalty, co-operative spirit, and intelligence, and his experience in selling through the co-operative, to hold him to the organization. Those men usually regard a contract as only a written pledge of the loyalty which a member is expected to show toward his organization. They hold that co-operation is an attitude of mind as well as a form of organization. They do not believe that an association should sue large numbers of members in the courts for breaking contracts. One of these men, Mr. G. Harold Powell, general manager of the California Fruit Growers' Exchange for a decade prior to his death in 1921, never paid much attention to renewing contracts. Farmers could sell their fruit through the Exchange of which he was manager whether they had signed contracts or not. Those who had signed contracts could withdraw any year on giving notice. He held that an organization could never be held together by contracts alone,

but that there were other matters in co-operation of more importance than contracts.

A very much larger number of co-operative leaders, who have been mainly identified with the regional associations, have had a different view. They have had state laws enacted validating contracts, and then have enlisted large numbers of members in whirlwind campaigns. They have established centralized organizations over a wide area, including sometimes tens of thousands of members whose main bond with their association, frequently located at a distance from the majority of them, was the legal contract they had signed. These leaders have held that an association should in certain cases sue its own members and collect damages for violations of contracts as provided for in the membership agreements. Some regional associations have entered into frequent lawsuits against members who have broken contracts, and have with probably few exceptions won the suits, when the issues were clearly defined and the question of crop mortgages<sup>1</sup> did not complicate matters. For example, we read that:

More than one hundred suits have been started by the Burley Tobacco Growers' Cooperative Association against members who have failed to live up to their contracts regarding the delivery of tobacco. The Court at Madison, Indiana, recently enjoined two members from breaking the marketing contracts involved.<sup>2</sup>

In another case:

A permanent restraining order was issued in a circuit court of Kentucky forbidding a tenant on the farm of a member of the Dark Tobacco Growers' Cooperative Association from disposing of his crop outside of the pool.<sup>3</sup> While it has been the policy of the Tobacco Growers' Cooperative Association, Raleigh, N.C., to enter the courts as seldom as possible, it does resort to the courts whenever necessary to enforce its marketing contract, according to a statement recently issued. So far the association has obtained judgment in

<sup>1</sup> Crop mortgages have been a great barrier to the enforcement of co-operative contracts, especially in the South. The *North Carolina Cotton Grower* (Raleigh) says editorially in its issue of March 15, 1924: "Much cotton is raised under mortgage and it is very difficult to secure an agreement from the holders of the mortgage to allow this cotton to be sold through the cooperative association."

<sup>2</sup> *Agricultural Cooperation*, November 19, 1923, p. 16.

<sup>3</sup> *Ibid.*, December 3, 1923, p. 6.

172 cases; it has been granted permanent injunctions in 126 cases. It has won 20 of the cases contested before a jury, lost three, taken non-suit in one, and had a mistrial in two. Nine of the eleven cases taken to the Supreme Court of North Carolina resulted in upholding the contentions of the association. One of the contentions of the association, that the landlord was responsible for his tenant's share of the tobacco raised on shares, has not been sustained. The second case lost before the Supreme Court was a denial of a request [made by the association] for a preliminary restraining order in a case where the record did not show that the grower had been furnished with a statement of his account in response to a request from him. The Court held that while it was within the reasonable discretion of the association to decide time of sale, it must at any time inform the member of the status of his account.

There has been collected in suits as liquidated damages, attorneys' fees and court costs, \$25,000. The claim division of the association has settled out of court, on terms favorable to the association, 131 cases based on violations of contract, and has collected in liquidated damages approximately \$125,000.<sup>1</sup>

The experience of some of these regional associations has been, however, that this legalistic basis is an insecure one for co-operative organization. There have been a few instances of waves of contract-breaking involving so large a proportion of the membership that it has been absolutely impossible for associations to begin to enforce contracts through the courts. According to competent students, the Washington Wheat Growers' Association and the Texas Cotton Growers' Association went through such experiences. One association, that of the Peanut Growers in Virginia, resolved in July, 1923, and in June, 1924, upon a policy which included the determination to operate without lawsuits against members.<sup>2</sup> In other words, the directors of this Association openly asserted to the membership: "We will trust you to be loyal and will not prosecute anyone who is disloyal." The policy is evidently considered satisfactory. In certain areas, too, e.g., Texas, Oklahoma, and North Carolina, the individual members of regional associations have asserted their desire to have some control over lawsuits against their neighbors, and through their informal organization have taken interesting steps to secure

<sup>1</sup> *Ibid.*, July 14, 1924.

<sup>2</sup> *Ibid.*, December 17, 1923; *ibid.*, June 2, 1924.

contract enforcement in other ways than through the courts. For example, we read:

Colerain local, in Bertie County [N.C.], discussed the matter of contract violations at a recent meeting, and after the discussion the five officers were appointed a special committee to pass on all matters of contract violations.<sup>1</sup>

One of the local associations of the Oklahoma Cotton Growers' Association recently "tried" one of its own members for breaking his contract. The jury, made up of members of the local, rendered a verdict of guilty and collected damages of \$25 subject to the approval of the board of directors. At a later meeting of the directors, the action of the jury was approved.<sup>2</sup>

This feeling of local members, plus the realization of co-operative leaders that legal contracts are easily evaded by large numbers of members if there are no other bonds between them and their association, has, in large measure, led to the great development of informal local groups within many large regional associations, which is described in the next chapter.

It will thus be seen that written contracts have a definite but limited use in co-operative organizations. Experience seems to be indicating that they are of value mainly when there are other bonds between an individual and his association. There are evidences that the signing of a written contract does not always indicate that an individual gives complete and hearty consent to keep the terms of the agreement. But when he gives consent and indicates his desire before a group of neighbors who are organized, he appears in some cases to be more likely to remain a loyal member of his association.

<sup>1</sup> *North Carolina Cotton Grower* (Raleigh, N.C.), March 15, 1924, p. 8.

<sup>2</sup> *Agricultural Cooperation*, January 1, 1924, p. 10.

## CHAPTER VI

### SOCIAL AND EDUCATIONAL WORK OF REGIONAL ASSOCIATIONS

Three things have taken place among regional associations during the past few years which indicate that the business-only policy has not been adequate in their experience, and that they have departed sharply from it.

First, some of these associations have widely organized local groups for educational and social as well as business purposes. Women as well as men have become members of these groups.

Second, four associations have employed trained women social workers to assist the families of members in local-community work, public-health and child-welfare service, and the promotion of social meetings of organized groups of members.

Third, there has been a noticeable change in the public utterances of the leaders of some of the associations, indicating very plainly that their experiences have called for a definite abandonment of the business-only policy.

A statement from the Division of Agricultural Cooperation of the United States Department of Agriculture says:

In most of the centralized [regional] associations there is provision for what we call "organization" locals, the purpose of these locals being to maintain morale and provide the machinery for electing representatives who once a year elect the board of directors.<sup>1</sup>

Data on the functioning of these local groups were secured by correspondence from fifty regional associations out of the approximately one hundred in the country. Twenty-three of these do not have local groups organized. Fourteen have local groups for business purposes only. Ten have local groups functioning for business and social purposes. Three have very

<sup>1</sup> Letter to the author, March 6, 1924.

close affiliations with state farm bureaus, which carry on a social and educational program.<sup>1</sup>

The business-only idea appears frequently in the remarks of some of the managers of the twenty-three associations which do not have functioning locals:

We operate only as a selling agency for our growers. . . . We get them [the members] the top price for their products. . . . Do not consider social activities necessary. . . . The aim of the association is to provide a better market. . . . Our organization is designed to assist farmers in disposing of their product at a much increased price. . . . We do not go farther with our members in the way of education than to aid them in selling and buying.

Other reasons for the lack of locals are: "Our members are scattered." "The Farm Bureau and community center associations take care of social activities."

Certain interesting reasons for the formation of local groups are given. Considering the fourteen associations having only business activities among their local groups: One manager says that it is "good psychology" to get the members together for local meetings; the activities of these members consist of "listening to the reports of the managers." Other reasons are:

We encourage this grouping because it gives us a closer contact with the members of our organization. . . . The reason the association has encouraged their development is based on the determination so to arrange our affairs that the growers will run their own business. . . . We can now more efficiently carry on our business. . . . We don't desire that our functions take the place of the existing social organizations. . . . It is necessary to have local councils so that members can be in direct touch with the head office. . . . It gives the members confidence in the movement. . . . We find that we have some trouble in impressing upon our members the fact that each member is a part of the organization and has some duties to perform in carrying out the work of the organizations. . . . We believe that by having these members become interested in their local organization that they will soon realize they have a definite part in the activities of the association and that they will co-operate more

<sup>1</sup> The probability is, of course, that there is a lower proportion of associations with functioning locals and with social activities among those associations which did not reply to the request for information, hence the data given for the fifty do not accurately portray the situation for the entire number, approximately one hundred.

fully. . . . We stress education but not recreation in our local unit meetings. . . . Due to the financial condition of the farmers of this country, we find they are in no mood for social activities. They are leaving the farms by hundreds and going to the cities. A man who is not even able to pay his taxes or interest is not in a mood to enjoy any organization efforts at social activities. Our local units were organized for the purpose of discussing the business of their organization and for the purpose of aiding each other in better methods of cultivation, grading and the handling of their crops. . . . Farmers needed money more than picnics this year. . . . We hold many meetings, the purposes of which are to give marketing information to members.

Some of the ten associations conducting social activities report as follows:

North Carolina Cotton Growers' Cooperative Association:

The purposes of our locals are as follows: Securing new members; encouraging cotton deliveries; providing a center for distributing information from the headquarters office; gathering statistical data; keeping up the morale of the membership; social and rural community development.

This Association employs a worker to conduct local social activities among the members and their families.

Burley Tobacco Growers' Cooperative Association:

The Burley plan contemplates the organization of locals, neighborhood groups of men and women coming together for the joint purpose of promoting the best interest of the cooperative marketing movement and participating in activities which will enrich and improve rural life. The necessary haste with which our cooperative has established itself demanded at first the concentration of all our forces on the immediate problem of building a sound business machine. We now turn our attention to what we consider to be the second step of fundamental importance in a cooperative, which is the development of a medium of contact between a central organization and the individual grower. . . . The Burley local is a group of members—men, women and children—recognizing their common interest in the Cooperative Association and organized to assume a member's part in it. The Burley local goes farther, however. School lunches, community buildings, good roads, parent-teacher associations, libraries and health activities are among the things that have been fostered by the locals. . . . Of equal importance with the serious features of local activities are the social and recreational features. . . . These principles evolve themselves from our experience in local organization: First, that some medium of contact between the individual member and the Association is imperative; second,

that women are fully as interested, fully as helpful and fully as necessary to its success as men; third, that the relation of the central organization to the local must be one of stimulation, careful guidance and continued assistance which in no way supplants local initiative and leadership; fourth, that there must be a definitely planned and accepted program; fifth, that a social purpose is of equal importance with the economic.

This Association employs a trained social worker to conduct these local activities.

Interstate Milk Producers' Association, Philadelphia:

We encourage the broadest kind of activities in connection with local meetings. We "tie-up" closely with the educational and social activities in our country communities. Fairs, picnics, rollics, etc., are held.

This Association helps to support a dairy council which promotes nutrition classes in large cities and smaller centers and has conducted significant public-health work among negro groups in cities.

Oklahoma Cotton Growers' Association:

Our chief reason for organizing these local groups is to furnish a means for keeping our members correctly informed on the activities of their marketing organization and on the principles of cooperative marketing. . . . Our community local groups consider at their meetings various problems connected with the marketing of their cotton, principles of cooperative marketing, productive problems, raising standards of living, etc. These local groups also take up various local improvement movements, such as improving the local school, encouraging road building, and similar enterprises. Entertainment and social features are also strongly encouraged and these features have resulted in greatly increased attendance and interest.

Tobacco Growers' Cooperative Association (Virginia, North and South Carolina):

The reason the Association has encouraged the development of the local groups is that the members may be fully informed as to the activities of the Association, and, by being so informed, offer intelligent guidance to those who are in charge of the affairs of the Association. The main activities of these groups are educational and social.

This Association employs a trained woman to direct its educational and social work.

**Connecticut Valley Tobacco Association:**

The purposes of local meetings are mainly educational and social. Various association and tobacco-growing problems are discussed.

The New York Dairymen's League Cooperative Association employs a woman to stimulate the interest of wives of members in the Association and in community work.

The three state cotton associations in Texas, Tennessee, and Alabama are closely affiliated with the state farm bureaus, and the local organizations of the farm bureau promote social and educational activities. This appears to be a satisfactory arrangement. Describing the Texas arrangement, Mr. E. C. Lindeman says:

The Texas Farm Bureau and the commodity cooperative associations maintain an intimate and reciprocal relation. Membership in the commodity association implies membership in the Farm Bureau, but the functions of the two organizations are kept separate. The Farm Bureau aids the cooperative associations and gives permanency to their educational programs, but it does not become a marketing association.<sup>1</sup>

It thus appears that these "morale locals" are increasingly functioning within regional associations. They perform several useful functions. They serve as centers for the distribution of information from the central associations to the individual farm, and are a vital link between the two. They engage in some social activities. They bring women into touch with the organization. They serve in enlisting new members. They build up organization morale and assist in maintaining loyalty. They develop mutual acquaintance within the local community. Thus they make for organization stability and also for some social contributions to the community, even though their functions within the larger organization are strictly limited.

The motives for the rapid organization of these groups within the regional associations are in most cases hard to determine. In many cases—perhaps a majority—the motive is business expediency. It is found necessary to get the offices of the central association into closer relations with the mem-

<sup>1</sup> Paper read before the American Sociological Society, December, 1923.

bership, and this "contact local" is organized. Extensive contract-breaking is feared or begins, and this "morale local" is set up to keep the association together. In some cases there is undoubtedly a desire among co-operative leaders to make a contribution to social welfare.

These local groups and their programs are as yet too new and too much in a state of flux to be definitely appraised. They are, however, one of the spectacular phenomena within the movement. They are making some significant social contributions, and seem destined to play a big part in the movement if they continue to be organized and to function as they have done during the past year or two.

Finally, it may be said that this social work is perhaps directly comparable to the better-known welfare work of industry, in that the initiative for it comes from the central body, that the organization is by employed field workers, and that the motives frequently include business expediency as well as the intent to make a social contribution.

## CHAPTER VII

### RELATIONS OF SOCIAL, EDUCATIONAL, AND RELIGIOUS ORGANIZATIONS TO CO-OPERATIVES

Inquiry was also made of the amount of assistance given by social, educational, and religious organizations and their leaders in the formation of farmers' marketing organizations. Our investigation in this instance is confined to the amount of assistance given in the organization of the older type of locals for which data were secured. The regional associations have been formed mainly by expert organizers. Federations of locals have come about mainly through conferences of the managers of existing locals. But the older type of locals are in a real sense community organizations, and where these have been formed, there has been most opportunity for assistance in organization or opposition.

Sixty, or slightly less than 6 per cent, of the managers of the 1,052 local associations studied by questionnaire say there was some co-operation from social, educational, or religious leaders in the organization of their associations. Among the 617 associations conducting no social or educational activities of any kind, co-operation on the part of such leaders is mentioned in 3.3 per cent of the cases. Among the 435 associations which do carry on some social activities or contribute money to other organizations, assistance is mentioned in 8.9 per cent of the cases. Dividing these latter organizations into groups on the basis of the main commodity handled, we find that assistance was given to one-seventh of the truck associations; one-eighth of the dairy; one-ninth of the fruit; one-fifteenth of the live stock; one-twentieth of the grain; and one-sixth of all other associations. Presumably, where social organizations or their leaders have assisted in the formation of a co-operative, there is more social emphasis in the activities.

Considering these sixty cases in which assistance was

given: In one case, the Grange was instrumental in organizing the co-operative; in three cases, those giving assistance were also farm-owners; in nine cases, school teachers gave assistance; in fourteen cases, ministers; in fifteen, officers of the farm bureau; and in eighteen, co-operation came from two or more of the foregoing groups.<sup>1</sup> There are interesting examples of this kind of assistance in various communities. The manager of the Crystal Spring Cooperative Cheese Factory, Blountville, Tennessee, writes: "A minister organized us, built our factory with his own hands and has acted as secretary-treasurer." In Middleville, Michigan, a farmers' club was organized some years ago by the Methodist minister. In this farmers' club the organization of a co-operative creamery was discussed. The club decided to organize the co-operative, and the president of the club became the chief organizer. The farmers' club carries on social and educational activities; the creamery, the manufacture and selling of butter. In the main, the men who are members of the creamery are also members of the farmers' club. Of Ferris, Illinois, it is stated:

The church has no close relation with the grain association but the larger part of our members come from the only church in the community. It is very evident, however, that most of the members active in the co-operative are also active in the church.

<sup>1</sup> Obviously this method gives only an approximate measure of the situation. For example, the farm bureau is in some sections not regarded as—and actually is not—a social organization. But the fact that assistance is mentioned in only 6 per cent of the cases certainly indicates that it could have occurred in only a small proportion of cases.

In this connection, it is worth noting that a questionnaire to three hundred rural sociologists, economists, educators, and officers of co-operative organizations, asking for a summary of their observations of assistance to co-operatives in their state, brought the following results: 132 replies were received from 30 states; of these, 58 had no information at all to offer; out of the 74 replying, 24 per cent said they had heard of no assistance from social, educational, or religious organizations or their leaders; 58 per cent said it was "little" or "negligible"; 14 per cent say it was "considerable" or "frequent"; and 4 per cent say in a majority of the cases. With regard to the opposition of these organizations to co-operatives: 53 per cent heard of none; 33 per cent heard of "little"; 4 per cent of "considerable"; and 10 per cent "in a large number of cases." Those mentioning opposition chiefly mention small denominational groups which have the reputation for non-co-operation in all social or economic movements.

In Saline, Michigan, the people found through their parent-teachers organization that there existed a number of needs in the community which were not being met. They discussed these needs, and they sought to find ways and means of meeting them. They now have a live-stock shipping association and a co-operative grain elevator (also a chautauqua and a lyceum). From Novato, California, the pastor of the Presbyterian church writes: "It would not be fair to say that the co-operative economic organizations are the product of the church work but the church has constantly fostered these movements." Of Orange Township, Iowa, an observer writes: "A strong country church and a strong consolidated school have had much to do with the formation of a strong co-operative egg-marketing association." Another observer writes: "I found examples in Minnesota and North Dakota where a Catholic priest had gotten his people interested in a co-operative enterprise."

Out of the thirty-three organizations in the Middle West studied intensively, six have close affiliations with the farm bureau and were organized among farm bureau members; in two other cases friendly help was given by educators and ministers, and in one of these, ministers were particularly active in making speeches for the co-operative. A canvass of the denominational connections of the officers and directors of these co-operatives reveals that men of all denominations may be found working together in a co-operative. One organization has on its board of directors men from the following denominations: 2 Congregational, 2 Roman Catholic, 2 Lutheran, 1 Presbyterian; another, 2 Methodist Episcopal, 2 Roman Catholic, 2 Presbyterian; another, 3 Methodist Episcopal, 1 Disciples, 2 Presbyterian; another, 2 Baptist, 2 Methodist Episcopal. Church connections or lack of church connections do not seem to be a factor in co-operative organization, except in isolated instances.

Dr. J. H. Kolb, of the Wisconsin College of Agriculture, reports the following results from a questionnaire on "Community Factors in Agricultural Co-operation" sent to leaders of agricultural co-operation:

A total of fifty-five replies were received from leaders in fourteen states. Not all the questions were applicable to local conditions, so that some questions frequently had to be left unanswered, but in each case the majority is large enough to show substantially the trend of opinion. It is realized that no conclusive results can be obtained by so general a study of such a complicated subject. A number of circumstances affect all of the conditions covered in the inquiry, while both circumstances and conditions are variable and elusive. The inquiry serves, however, to bring out clearly the judgment of leaders in co-operation on these points:

"Should a co-operative enterprise include the membership of several churches?" No negative replies. A few feared some possibilities of dissensions but all say the membership should be recruited from several churches, some on account of the need for the volume of business, others because they think religious lines should be ignored in co-operative enterprise.

"Does the presence of more than one denomination in a community help or hinder co-operation?" Hinder—24, help—5. Some stated that if people could tolerate the other man's religious beliefs they were more likely to succeed in co-operation. None regarded this as commonly a serious hindrance to co-operation.

"Does a strong unit of the Farm Bureau, Farmers' Union, equity or other farmers' organization render a community more responsive to co-operation?" Yes—50, no—4. One objector stated that too many organizations in a community were likely to wreck a co-operative organization through jealousies.

Opposition to co-operative marketing on the part of social organizations seems to have occurred much less frequently than assistance. Slightly less than 1 per cent of the managers of the 1,052 associations state that opposition occurred. One manager, writing from a town office of his organization, states that the ministers and teachers in his town are dominated by commercial interests, and are generally opposed to the farmers' co-operative. Others write:

They were all opposed at first because they thought our organization was a part of a big farmers' trust. . . . Ministers and teachers are capitalistic. . . . Teachers and ministers are generally indifferent. . . . Some were opposed and said it couldn't be done. . . . They were not consulted nor considered of any value. . . . They were apathetic and still are. . . . One minister told us we could not belong to both the co-operative and his church.

Obviously the data in this chapter are inadequate for anything but a tentative and incomplete analysis of this question. It seems fair to conclude, however, that some co-operatives do

receive noteworthy assistance from social organizations, but if we are to take the answers of the 1,052 managers of local associations as giving an approximate measure of the situation, we must conclude that the instances quoted above are not of great significance in the development of co-operative marketing.

The matter is perhaps adequately summed up by one observer who writes: "Co-operative marketing does not come as a result of the influence of schools or churches, but usually out of the economic needs of the community directly." Another, who has been for over a decade a careful student of rural communities in all parts of the country, puts it thus: "I am impressed by the fact that farmers carry their economic and their social and idealistic interests in different 'pockets.' Co-operation has been initiated as a new movement by interested individuals under the impulse of economic propaganda rather than by existing organizations." There are certain other reasons for this state of affairs: The leaders of non-economic organizations are uninformed about co-operative marketing. They have sometimes maintained aloofness because of the conflict between organized farmers and business men. This conflict has undoubtedly made many professional men and women, especially those in the villages and towns, take a neutral attitude.

Both social organizations and co-operative economic associations probably "go their own way" in most rural communities, and in any case there are no data to support the claim that the presence of strong social, educational, or religious organizations has been of material assistance in organizing co-operative marketing. That assistance depends solely upon the attitude of the leaders of these organizations. Outstanding assistance has evidently been given in a small proportion of communities where leaders were informed and willing to help. Again, the fact that co-operative marketing is usually born of economic necessity and that whirlwind campaigns involving whole states have been put on rather disposes of the idea that there may be something peculiar about some communities that makes them more responsive to co-operation than others.

## CHAPTER VIII

### CONCLUSIONS

On the basis of the foregoing data, it seems fair to conclude that:

1. The great majority of co-operative marketing associations among farmers are organizations which are not pursuing social (non-commercial) objectives. The absence of social activities is due mainly to the view prevailing among members and managers that their associations are economic organizations only, and to the fact that social development is in many instances in charge of separate community organizations. Considering social results, these business-only co-operatives probably differ little from the ordinary business corporations.

2. Significant social activities and education in co-operative principles and methods are carried on by but a small proportion of local associations.

3. In some cases, the large regional associations have created informal or advisory local groups which engage in varied social activities. Four of these associations employ women workers to promote social or community work among the families of the members. The social work of these associations is more widespread and significant than that of any other rural co-operatives.

4. Federations develop with established local associations as foundations, and thus in the beginning recognize varied local interests of members, but only one federation has promoted important social activities.

5. Social, educational, and religious organizations and their leaders have been on the whole unconcerned about the development of farmers' co-operative-marketing associations.

If there are to be more social results from co-operative marketing, it is suggested that:

1) Co-operative relationships should be established be-

tween social, educational, and religious organizations and the marketing enterprises. This is a difficult matter. There is little technique or experience in developing this kind of co-operative relationship in such a way as to achieve any worthwhile results. But if social development is to be furthered by co-operative economic organizations, social organizations and their leaders dare not ignore the task of friendly assistance, as they have ignored it in the past. The Texas plan, whereby a member of the Farm Bureau also holds membership in a marketing association, seems to offer suggestions in some cases. In other cases, there should probably not be such close relationships.

2) There should be considerably more education in co-operative principles and methods within the co-operative movement than has hitherto been in evidence. Local associations of all kinds should be developed into discussion groups as far as possible. Reserve funds for education should be maintained by local and federated or centralized organizations. Carefully written pamphlets should be widely circulated in large numbers. The local meetings within the Burley Tobacco Growers' Association and the New York Dairymen's League, the Institute of Cooperation now being developed, are all significant steps. Co-operatives may also well agitate for a fair presentation of their organizations in school and college textbooks.

3) Of great promise is the following suggestion from *Wallaces' Farmer* (Editorial, February 29, 1924) for local associations formed with capital stock:

One difficulty that the cooperatives always face is the fact that so many patrons want all profits turned back to them at once in the shape of patronage dividends. Neglect to build up a reserve in good times has been the cause of a number of failures in the cooperative field in the last few years; and in many cooperatives, even where complete failure has been avoided, successful operation has been made much more difficult by the absence of adequate reserves. Our local cooperatives now seem to be working back into a profit-making period. The members ought to remember the lessons of the last few years, and see that adequate capital is provided and a good reserve fund built up, before they make any demands for patronage dividends.

Cooperatives in other countries have gone farther than this.

They have used their savings to further the social progress of the community. The dividends have gone into recreation grounds, libraries, theaters, community buildings and educational work of all sorts. . . .

We suggest, therefore, that it will pay members of farmers' cooperatives not to be in too much of a hurry in demanding patronage dividends. Dividends converted into added capital increase the efficiency of the cooperative, and so increase the return to the members. Dividends put into social and educational enterprises pay good returns in the increased social welfare of the community. . . .

A start might be made by contributing money for the beautification of school grounds, for the purchase of new school equipment, for playground apparatus, for bringing in lecturers and entertainers; by giving regular support to public-health and welfare work, such as that of a school or community nurse; also by supporting such existing institutions as meet the approval of a large majority of the members. It is recognized that a comprehensive social program cannot be financed by a local co-operative, but the co-operative may easily stimulate worth-while enterprises.

4) Farmers' co-operative marketing associations should engage directly in social activities—recreation, public health, child welfare, adult education, etc.—only when these are deemed inadequately organized by other agencies in the community. There may be cases where a co-operative should do much more. It is possible that our American co-operatives should eventually do more direct work of this kind. But with health, welfare, and recreation activities under the auspices of competent voluntary and public agencies, there is great danger that co-operatives may compete with or come into conflict with established agencies if they venture into this work. As a first step, marketing associations can perhaps do no better than to maintain co-operative relationships with existing social organizations.

5) Certain other suggestions looking toward further socialization of the co-operative movement but outside of the field of this particular investigation might be made, as follows:

a) Farm women may well be brought into closer touch with co-operative organizations. The steps being taken by the New York Dairymen's League, the Burley Tobacco Grow-

ers' Cooperative Association, the Oklahoma Cotton Growers' Association, and other organizations are very significant. Participation by women in the movement will bring the view of the consumer in the farm home to bear on policies, and serve to link the entire family with the association.

b) There might be more contacts and conferences between leaders of producers' and consumers' organizations. The unfortunate relationships between these two types of organizations were mentioned in the first chapter. One of the common aims in the elaborate scheme of consumers' co-operation is that the consumers' society shall seek to control the production of the supplies which it handles. Such a purpose, of course, is viewed with great alarm by some leaders of large farmers' organizations who contend that organizations of producers should have bargaining power and a considerable measure of control over the sale of products. There will thus be real conflict between consumers' and producers' organizations in this country if both continue to develop and if co-operative relations are not created between urban and rural organizations. That it is possible for organized producers and consumers to co-operate closely is illustrated by the experience of the Finnish organizations, by instances in some European towns where farmers and industrial workers are members of the same co-operative consumers' organization, and by the experience of a few organizations in the United States, for example, the Cooperative Trading Company of Waukegan, Illinois.

c) Leaders of farmers' co-operatives in the United States might well take the lead in establishing close relationships with co-operatives in other countries. In most countries co-operation is as yet nationalistic. There is every evidence that farmers' co-operatives in the United States have seldom looked beyond their national boundaries—except when they had a surplus to sell! Overcoming nationalistic competitions and antagonisms and the establishment of international co-operative trade are two of the important problems for the co-operators of the world to solve. May the rural associations in the United States make a contribution to their solution!

One could dismiss the whole matter by trusting that

social results will come through the development of business-only organizations, which will increase rural prosperity and make available more money for social development. Apparently there is "pretty high correlation" between economic prosperity and social development in certain parts of California, for instance, but there are good reasons why such a conclusion is unsatisfactory. First, it appears to some economists that when one considers average conditions over a period of years, and when one takes into account *all* farm products, co-operative marketing will not and cannot of itself make universal the prosperity that one finds in a few favored sections of the world. Second, the attainment of a great amount of economic prosperity by business men has not resulted in social vision among them except by a small proportion, and "prosperous city business" is in the main a sterile field for social development. It is therefore dangerous to expect an organization which gives 100 per cent of its activity to money-getting activities, with leaders who have at best only a vague enthusiasm about "higher standards of living" or about "helping the wife and kiddies," to bring about social results. Third, it appears from the European experiences (some of which are quoted in the Appendix) that intensive co-operative economic action has in some instances produced such significant results in the development of individual responsibility for participation in group life that one must turn to this phase of co-operation with most confidence in expecting social results.

## APPENDIX

### STUDIES OF THE SOCIAL ASPECTS OF EUROPEAN AGRICULTURAL CO-OPERATIVES

#### THE GILL REPORT OF 1912

The social implications of agricultural co-operatives in Europe were studied in 1912 by C. O. Gill, of the Federal Council of Churches, who was a member of the American Commission for the Study of Agricultural Cooperation in Europe. Mr. Gill spent six months visiting twelve countries. In his personal report to the Council on conclusion of his mission, he states:

In many cooperative societies clergymen have played an important part. This was particularly true in the beginning when help was most needed. In Belgium, the clergy have taught technical agriculture and promoted banks and societies for purchase, production and sale. In Ireland, Germany, Austria, Belgium, Holland, Italy, Hungary, France, Russia and the Balkans, the clergy have been most active. Most of the activity has been among Roman Catholic priests but in Germany, Austria and Hungary, the Protestant ministers are active in giving instructions and advice on the advantages of co-operation. Clergy of all denominations have helped Raiffeisen banks. Large numbers of Protestant clergy are found as chairmen or secretaries of their committees of management and boards of supervision. A well known authority states that in many of the district councils of the Raiffeisen Union, Protestant clergymen form a majority of the members, or as in Pomerania, Saxony and Thuringen, hold office in the local credit societies. Twenty out of twenty-two directors of the district of Cassel were clergymen.

As to direct and indirect social effects of these agricultural co-operatives:

The rapid expansion and magnitude of these organizations is not more impressive than their social effects. . . . Admittedly large numbers of cooperators think chiefly of the reduced cost of their purchases, of the higher prices they have received for their products or of other material benefits, but for large groups of others cooperation has a different purpose.

Not all communities have been affected by social results of co-operatives, but

it is none the less true that in this economic movement the application to business of certain ethical principles of a high character has produced a variety of other good results which are well worth consideration.

In numerous instances,

cooperation has emancipated the poor farmer from the usurer. By capitalizing the common honesty of the poor farmer, cooperation has secured lowest rates of interest. The farmer then works for his own support instead of that of a large number of distributors who constituted an enormous burden upon his shoulders. Cooperation enables the small farmer to have the same advantages in selling as the large farmer. He gets the same price for the same quality.

Raiffeisen banks in Germany supported infant and continuation schools. They furnished schools with maps, musical instruments, etc. They made grants to village libraries, organized circles for reading and acting, and established clubs for adults and juveniles. They conducted village institutes, built meeting halls, and established children's savings banks, telephone services, and arbitration courts. They organized gymnastic societies, local nursing centers, infant-aid associations, and anti-tuberculosis leagues, and engaged in other work of great variety.

Co-operation has had a most marked effect on the promotion of thrift. . . . In Austria and Hungary, the priests support the co-operative movement because members spend their evenings in the co-operative society rooms instead of in the public house. . . . Co-operatives are promoters of business integrity. They are promoters of democracy. That the democratic principle is the basis of success in agricultural co-operation is proved by the fact that attempts of farmers to combine on other principles almost invariably have failed.

. . . Co-operation is a great developer of responsibility among individuals. . . . Illiterate men are taught to read. Neighbors who were enemies become friends. Many men make great sacrifices for the co-operative movement.

Some leaders think of co-operation as a sort of social reform and in some cases almost a religion. . . . Many agricultural societies impressed the investigator as Christian institutions quite as much as did the churches in that country. Some organizers are promoting the Christian ministry. The model by-laws and constitution of an association under the Raiffeisen system declare the object of the

institution is the promotion of Christianity. Raiffeisen himself held that conception.

More recent and detailed analyses of the situations in various countries are available. Let us consider briefly the rural co-operative movements in Poland, Russia, Finland, Ireland, and Denmark.

#### POLISH SOCIAL AND ECONOMIC CO-OPERATIVES

In *The Polish Peasant*, by Thomas and Znaniecki, is found the following information in regard to the Polish local co-operative associations:

Every cooperative institution emphatically pursues a social aim. The main slogan of the cooperative movement is the harmony of social and individual interests. . . .

Every one of these institutions—commune or agricultural circle, loan and savings bank or theater—is not merely a mechanism for the management of certain values, but also an association of people, each member of which is supposed to participate in the common activities as a living, concrete individual. Whatever is the predominant, official, common interest upon which the institution is founded, the association as a concrete group of human personalities unofficially involves many other interests; the social activities between the members are not limited to their common pursuit, though the latter, of course, constitutes the main reason for which the association is formed and the most permanent bond which holds it together.

The cooperative method [of organization] forms in this respect an interesting contrast to the coercive method; by starting with individualism it develops a positive interest in fostering social welfare and progress, whereas the legal system which starts with absolute social control and which the individual is forced to accept produces only, at the best, a negative interest in not hindering social welfare and progress.

We see that cooperation by the very fact that it is based on free individual association for common aims allows for institutional expression of every individual attitude as far as the latter involves a need for certain positive values that can be obtained by planful common activity. On the other hand, the rational character of cooperative institutions makes a mutual adjustment of their aims possible, so that, instead of interfering, their activities supplement one another.

However limited and imperfect may have been up to the present the application of the cooperative ideal, this ideal is eminently capable of becoming the leading principle of a social order.<sup>1</sup>

<sup>1</sup> *Op. cit.* (4 vols.), pp. 300–305. Boston: Richard C. Badger, 1920.

**"NON-TRADE" ACTIVITIES OF THE RUSSIAN ORGANIZATIONS**

Eugene M. Kayden, an economist of the United States Department of Agriculture, writes thus of the Russian co-operative movement, including the rural organizations:

The Russian exponents of cooperation, both in theory and practice, have not limited cooperation to matters of profitable supply and marketing, but have ever thought of cooperation in terms of greater economic and social development and the enhancement of efficiency and power of adjustment to changing conditions. Cooperation in Russia has always considered itself as being essentially a form of economic organization which has emerged in the slow evolution of industrial society coming to achieve, through the agency of concerted action inspired by the spirit of social service, what profit-seeking commercialism was alleged to have failed to achieve. Cooperation was to make the flow of goods to market orderly and economical, and so effect savings to all alike; it was to render the business of farming more scientific and productive; and it was also to restore the economic initiative of the local communities, gradually drawing them together for wide action into district, regional and national federations directed and controlled by organized democracies of producers and consumers. Cooperation was education, and complementing the trading activities of the federation were the non-trading interests embracing special research, popular instruction, legal advice, extension service, field exhibitions and a variety of other activities serving to raise the level of intelligence and citizenship in the masses and to train leadership in the ranks.<sup>1</sup>

In the issue of *Agricultural Cooperation* for June 4, 1923, is a further statement on the Russian organization:

The basic unit of cooperative organization in Russia, whether it be in the field of marketing, supply, credit, production, is the local or primary society. Locals are generally organized into district unions varying in size, combined in their turn in provincial unions. . . . Each [provincial] union has a trade department, divided into a number of commodity divisions according to the requirements of its business and territory and a non-trade department concerned with problems of organization, propaganda, education, research, publication, legal aid, etc. The dual functions of Russian cooperation—trade and non-trade—are its distinguishing traits; in most countries, functions other than business are reserved to special federations.<sup>2</sup>

<sup>1</sup> *Agricultural Cooperation*, January 15, 1923, pp. 2 and 3.

<sup>2</sup> See, e.g., Elsie Terry Blanc, *The Cooperative Movement in Russia*, chap. ix, "Educational Significance of the Russian Cooperative Movement." New York: Macmillan Co., 1924.

In Russia the participation of women in co-operative organizations, even in management, is a distinguishing feature:

Russian peasant and working women have for a long time shown an interest in the cooperative movement, in both producers' and consumers' organizations. . . . With regard to the participation of women in cooperative management, it is estimated that in thirty-seven provinces there are about five hundred peasant and working women serving on local management boards and committees in various cooperative organizations. For the purpose of inducing women to take a more active part in the movement the cooperative unions [or federations of local societies] have introduced what is known as the "probational system" by which, after a period of practical service in the local society, women are allowed to take up a course of special training to fit themselves to work on boards and committees. The latest reports show that in thirty-nine provincial cooperative unions the present number of women receiving special instruction is two hundred and twenty-seven, but the figures are incomplete.<sup>1</sup>

In the Russian movement the agricultural societies are organized by commodities, and each commodity division or federation is a member of the *Selskosoyus*, the national agricultural federation. The *Selskosoyus* is then merged in the *Centrosoyus*, which includes also the national federations of consumers' and industrial societies. Russian co-operation is thus marked by a high degree of co-ordination and unity, with the preservation of a maximum of local autonomy and initiative.

#### BUILDING "DUAL-PURPOSE" CO-OPERATIVES ON EDUCATION IN FINLAND

Henry Goddard Leach, who is known as a careful student of the Scandinavian countries, writes the following after a study of the co-operative movement in Finland:

If I were asked what vital factor has held the people . . . together through all the political turmoil of the last twenty years, writhing first under the grim heel of a czarism determined to crush their nationality, escaping from this only to be cast into the maelstrom of a succession of most cruel civil and social wars, I should reply, without hesitation—the cooperatives. The cooperative movement in Finland is the outcome of one harmonious scheme.

In Finland the cooperative societies are only twenty-three years

<sup>1</sup> *Agricultural Cooperation*, May 21, 1923, p. 11.

old. The Finns had thus the advantage of seeing what other countries had done. The cooperative dairy had already brought a new age of prosperity to little Denmark. The Raiffeisen banks had permeated Germany. Cooperative stores were flourishing in the industrial cities of England. In Finland, meanwhile, the doctrines of co-operation had been crystallizing in one mind, eagerly bent upon applying them to the needs of his own countrymen and helping them in their struggle up into the light. That man was an idealist, Hannes Gebhard, professor of economics in the University of Helsingfors, called today "the father of Finnish cooperation."

Professor Gebhard did not begin his experiment by practical demonstration. He first conceived a program of education to prepare the people to do business in the new way. In 1899 this program was launched through the establishment of a society of agitation, called "Pellervo," named from "the sower," a character in the Finnish epic, *Kalevala*; Professor Gebhard became president of the society and remained the editor of its publications for twenty years.

Pellervo sent lecturers into the field and published a magazine devoted to cooperation, the *Pellervo Journal*. This periodical is issued in both the languages of the country, the Finnish edition twice and the Swedish edition once a month, and has attained to the largest circulation among agricultural journals in all Northern Europe. The editors and the consulting staff have given unflagging expert advice in the formation of all sorts of cooperative organizations and assisted in drawing up their rules and methods of bookkeeping. Pellervo is the idealistic connecting link between the many forms of cooperative endeavor in Finland.

The acceptance of the principles of cooperation in all its branches has been phenomenal. Fifteen per cent of the entire population have joined the cooperative stores; of the total stock of cows about 21 per cent have been registered with a cooperative dairy, and of all the farmers about 13 per cent have joined a rural bank. In Finland today there are upward of 3,120 registered cooperative societies, of which 737 are stores, 494 dairies, and 713 banks—together more than half the total.<sup>1</sup>

Another student of co-operation in Scandinavia, Chris L. Christensen, in charge of the Division of Agricultural Co-operation in the United States Department of Agriculture, reports that "Finland's societies are largely of the 'dual purpose types,' i.e., that they are formed for the purpose of carrying on business and social activities."<sup>2</sup>

<sup>1</sup> *Survey*, February, 1922, p. 669.

<sup>2</sup> In an interview with the author.

## THE IRISH MOVEMENT

The genius of the Irish agricultural movement, Sir Horace Plunkett, is authority for the statement that it was

promoted by a small group of social workers for the first five years.

Our first dairying society was started in the spring of 1891, after I had addressed fifty, and my associates many more, abortive meetings. By the year 1899, however, we had 152 of these societies working, with a trade turnover of about \$2,500,000 worth of butter.

We had now [in the co-operative movement] the means of improving both the technical and the business methods of our farmers. For a complete policy of rural progress, it was equally necessary that we should interest ourselves in the brightening of rural life on its social and intellectual side. The pioneers of the movement were more interested in this part of the work than in any other. Societies were encouraged to use their business organizations for social gatherings. Village halls were built. In all this we were largely following the example of the granges of the United States and the women's institutes of Canada. The point is that we were at work upon a threefold scheme—a policy of rural reconstruction which came to be expressed in the Irish formula, "Better Farming, Better Business, Better Living."

If I were asked what special contribution Ireland has made to the rural problem, I would certainly say that it consists in defining the proper relations between its three parts in all endeavors to deal with the problem comprehensively. In our view agriculture must be regarded as an industry, as a business, and as a life. To the aid of the industry must be brought the teaching of all the physical sciences relating to the soil, climate, plant and animal life—to the buildings and mechanical equipment of the farm—and so forth. To the business of the farm must be applied sound economic principles and those modern methods upon which all business undertakings nowadays depend for their commercial success. Here the essential thing is that farmers should be taught to combine, not only in order to hold their own in their dealings with government and with commercial and industrial interests, but also in order that the small cultivator may have the economic advantages of the large farmer.

In short, we have learned in Ireland, and would impress upon all rural communities which have become backward owing to the concentration of all that is best in thought and feeling for public welfare upon the problem of the cities: first, the vital need of thorough organization upon cooperative lines; second, the paramount importance of reliance upon voluntary effort rather than upon state assistance, in the sure belief that what by intelligent combination we can do for ourselves is immeasurably more beneficial than what the best of governments can do for us; third, the insistence upon build-

ing up rural society on its three sides; namely, the technical side, the commercial or business side and the social and intellectual side.<sup>1</sup>

#### INDIRECT SOCIAL EFFECTS OF CO-OPERATIVES IN DENMARK

The Danish farmers have probably built up the most efficient co-operative marketing associations in the world. About 1880 a change of type of farming became an urgent necessity for the Danes. A flood of cheap grain came to the European market from the United States and the Argentine. The Danish farmers were forced by this competition to derive their chief income from animal products. They bought up cheap grain offered by the New World, fed it to the animals, organized co-operative societies by separate commodities to handle butter, eggs, and bacon, and federated these societies into powerful marketing agencies which sell high-quality products particularly in England, in large continental cities, and now, in small quantities, in the United States. Considering social implications, several matters concern us here. First, co-operative development in Denmark has been considerably assisted by educational leaders. There it has been taught and discussed in the schools. Its beginnings were in well-developed local groups, which were held together by loyalty, education, public opinion, and social pressure as well as by membership contracts. Second, there has been a marked development of popular education and community organization side by side with that of the co-operatives. The Danish folk schools and the adult high schools have made great contributions to the development of the excellent rural culture which is found by all the students who visit the country. Third, the co-operatives themselves are strictly business organizations and do not engage directly in social activities. Fourth, therefore, the social results of co-operatives in Denmark must be largely classed as indirect. These indirect social results are very great, however, according to the students of Denmark's development. The conclusions of Chris L. Christensen, who spent over a year and a half in Denmark and

<sup>1</sup> *Survey*, December, 1921, pp. 317-25.

reached all parts of the country, will probably be generally supported by other students. He writes:

Cooperation has lifted the Danish farmer from the level of peasantry to the high plane of an enlightened and wholesome country life. It has made Denmark one of the most prosperous nations in the world for its size. It has done a great deal more: it has made the Danish farmer a contented, well-educated, and self-respecting citizen, and the Danish farm home life is comfortable and altogether charming. . . .

Forty years ago farm women in Denmark did men's work in the fields, just as I recently saw women doing in other European countries. Today it is very unusual for a Danish woman to do any field work. I seldom even saw one of them milking cows, a job that a few years ago was done mostly by the women and girls. . . .

Ninety per cent of the farmers are members of county agricultural societies through which they hire, partly with their own funds, educational and technical experts who correspond to our county agents. The Government bears half of the expenses. Some of these county societies employ several specialists—dairy, farm cost accounting, poultry, crops, or even a horse specialist.

Within this society are local community clubs. The community house is a prominent feature of rural Denmark, and adds more pleasure and culture to farm life. In summer, neighborhood picnics at parks or at the beaches are frequent. I was amazed at the serious attention given to the speakers at these gatherings. A real authority would be engaged for the occasion to discuss some phase of agriculture, politics, music, art, literature, or some other subject. He would be heard attentively for an hour and a half. Then, after a recess for rest or refreshment, the crowd would often spend another hour or more asking questions and discussing his statements with freedom and intelligence.

The community club has such lectures throughout the year, meeting the expense by a membership fee, or an extra charge if necessary. Plays are frequently given at the clubs, either by local talent or by professional companies from the city. Danish farm folk are tremendously interested in music. Group singing is a regular feature of their neighborhood gatherings. Music and art are regular subjects in the schools. Denmark, by the way, has special adult schools, intended especially for young men and women of nineteen to twenty-three and twenty-four who have served a farm apprenticeship for two or three years and wish to prepare for homes of their own. English is taught in some of the schools. Books in English could be found in most of the homes I visited. Translations of American books were common. I noted that Jack London is a Danish favorite.

Education is almost a passion with the Danes. At the fairs I saw no midway with its blare and side shows. All attention was focused on the exhibits, where cooperative bull associations vied with each other for championships, farm products competed for excellence, and talks by experts were given. It was especially interesting to note that their experiment farms were always to be found right alongside the fair grounds, where at fair time throngs studied the results of the year's experiments. How different from the isolated experiment stations in this country!

Cooperation has to a large extent ironed out class and social distinctions. In the cooperative societies the count from the large estate, the middle-class farmer, and the peasant's grandson meet on equal ground to discuss their common business problems, learning to appreciate and enjoy each other. I observed that this prevailed among the women folks as well. . . .

I can say with certainty that . . . it is the collective effort of the Danish farmers expressed in the cooperative form of organization through which they have found the route to prosperity, and have discovered the way to enjoy happier and more comfortable homes, and to live more interesting lives. Cooperation has not only helped the Danish farmers to better their agricultural production and marketing, but it has also carried with it a powerful educational and social development in the rural home and community life. The cooperative creamery, the cooperative bacon factory, the cooperative poultry and egg marketing association, have made it possible for the women to give up their hardest work, and for their families to develop as charming and rich a home life as you can see anywhere. . . .<sup>1</sup>

<sup>1</sup> *Farm and Fireside*, October, 1923, pp. 20, 60, 61.



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